



OFFICE OF INSPECTOR GENERAL

Thomas J. Dagley
Inspector General

MEMORANDUM

June 14, 2007

TO: MFP Committee Members
Duchy Trachtenberg, Chair
Marilyn Praisner
Roger Berliner

FROM: Thomas J. Dagley
Inspector General

SUBJECT: Follow-up to April 25, 2007 Work Session

This memorandum responds to the Committee's April 25, 2007 request to report opportunities for improvement to help the Committee work with the OIG, Ethics Commission, and Office of Human Resources (OHR) on employee ethics and related issues. It is my understanding the Committee will meet on July 2 to discuss these issues.

Perhaps the Committee's best opportunity is to help improve communication among the OIG, Ethics Commission, OHR, and others responsible for the County's governance system. Currently, the OIG's exchange of information with other County offices with governance responsibilities is inadequate. Key aspects of the governance system include: legal, fiscal, and ethical accountability for management actions; transparency in policymaking; and independence in internal and external audits. Currently, the County's Personnel Regulations are not sufficiently clear in key areas such as who is responsible for investigating and reporting allegations of improper or illegal employee conduct. An examination of management's key processes for identifying, investigating, reporting, and monitoring ethical breaches or other improper conduct is recommended at this time, incident to OHR's project to revise the 2001 Personnel Regulations. It is recommended that the County Attorney and Executive Secretary, Merit System Protection Board be given the opportunity to participate in any examination.



Recent revisions by OHR to new employee orientation material are noteworthy improvements. Information now provided to new employees provides a blend of the County's ethics policy, establishment of the OIG fraud hotline, and specific examples of improper conduct that should be reported by employees (i.e. theft of County funds or property, abuse of authority, worker's compensation fraud, contract or procurement fraud, kickbacks or bribery, whistleblower reprisal, and significant waste of County funds). With these recent changes to new employee orientation material, it is important to ensure key processes used by management to investigate and report improper conduct are aligned with the training material.

OIG Fraud Hotline Activity

The OIG fraud hotline for MCG employees and contractors was implemented in December 2006. Through May 2007, more than 40 reports of fraud, waste, and abuse were sent to the OIG by the hotline contractor, with monthly totals ranging from three to eleven. Approximately 50 percent of the reports were anonymous. Thirteen categories of reports were used by the contractor to communicate information to the OIG. The most active categories are: Policy Issues (12); Fraud (9); Theft of Time; and Theft of Goods/Services (3). The remaining reports were spread across Falsification of Records, Wage/Hour Issues, Theft of Cash, Substance Abuse, Safety Issues and Sanitation, Retaliation of Whistleblowers, Fraudulent Insurance Claims, Employee Relations, and Discrimination.

As discussed with you at the April 25 budget session, although the total number of fraud, waste, and abuse reports to the OIG to date in FY 2007 is comparable to prior years, the quality of information appears to be higher. In addition, unlike fraud, waste, and abuse reports received by the OIG prior to December 2006, it appears most hotline information is reported by employees and contractors rather than County residents.

It is important to note that, although implementation of the OIG hotline on a pilot basis is focusing on MCG, some hotline reports received involve other Council-funded agencies, including MCPS and MNCPPC. While it may not be appropriate to discuss the potential benefits of expanding the use of an independent OIG fraud hotline beyond MCG on July 2, I recommend the Committee evaluate this option prior to the start of the FY 2009 budget process.

In the OIG annual report for FY 2007, a summary of OIG fraud, waste, and abuse complaints received, including hotline reports, will be provided.

Please do not hesitate to call me with any comments or questions prior to July 2.

Cc: Council Members

Tim Firestine, Chief Administrative Officer

Amanda Mihill, Legislative Analyst